

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1279
Ways and Means

(Delegate Ruff, *et al.*)

Budget and Taxation

Catalytic Revitalization Project Tax Credit - Alterations

This bill expands the types of applications that regulations governing the catalytic revitalization tax credit program application process must emphasize to include applications that promote workforce housing. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Overall State revenues are not affected, though the bill may affect the allocation of tax credit awards among projects with varying costs and timelines. The Department of Housing and Community Development (DHCD) can update regulations with existing budgeted resources.

Local Effect: Overall local revenues are not affected. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Workforce housing,” as it applies to the bill, has the meaning stated in the Workforce Housing Grant Program statute, which defines workforce housing as (1) rental housing that is affordable for a household with an aggregate annual income between 50% and 100% of the area median income or (2) homeownership housing that is affordable to a household with an aggregate annual income between 60% and 120% of the area median income (between 60% and 150% of the area median income if in target areas recognized for purposes of the Maryland Mortgage Program).

Current Law: Chapter 332 of 2021 established a refundable credit against the State income tax equal to 20% of the rehabilitation and new construction costs incurred for a qualified catalytic revitalization project in the State. The credit is administered by DHCD; in consultation with the Department of Commerce, the Secretary of Housing and

Community Development must develop regulations establishing a tax credit application process that emphasizes applications that promote affordable housing. DHCD may not issue additional tax credit certificates on or after January 1, 2031; after this termination date, previously issued tax credit certificates may continue to be claimed, refunded, carried forward, or transferred in accordance with existing provisions.

Project Eligibility

“Catalytic revitalization project” means the substantial rehabilitation of a property in the State (1) that was formerly owned by the State or federal government; (2) the rehabilitation of which will foster economic, housing, and community development within the community in which the property is located; and (3) that is out of service and was formerly used as a college or university, K-12 school, hospital, mental health facility, or military facility or installation.

Tax Credit Allowed; Aggregate Limitation on Tax Credit Certificates

The Secretary of Housing and Community Development may not award initial credit certificates totaling more than \$15.0 million within a two-year period. A final tax credit certificate is issued (1) on completion of a catalytic revitalization project for which an initial tax credit certificate has been issued or (2) for a phased project, on completion of a phase, provided that the final tax credit certificate does not exceed 20% of the project’s eligible expenses to date or the aggregated limit of a project’s credit. For purposes of calculating the credit, new construction costs must be related to the construction of new structures that connect, expand, or integrate the existing structures to be rehabilitated and may not exceed 50% of the total costs of the catalytic revitalization project. An individual, nonprofit organization, or business entity awarded a tax credit certificate generally must claim the credit over the course of five consecutive tax years beginning with the tax year in which the final tax credit certificate is issued; however, a final tax credit certificate issued on completion of a phase of a catalytic revitalization project may be fully claimed in the tax year in which the certificate is issued.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Commerce; Comptroller’s Office; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History:
jg/jrb

First Reader - March 2, 2026

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